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FISCAL IMPACT STATEMENT

LS 7047

BILL NUMBER: HB 1002

NOTE PREPARED: Jan 23, 2012

BILL AMENDED: Jan 23, 2012

SUBJECT: Eliminate Commissions, Boards, and Committees.

FIRST AUTHOR: Rep. Wolkins

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

It reenacts the Public Officers Compensation Advisory Commission that was repealed in 2011.

It decreases the membership of the Indiana War Memorials Commission from ten to nine members with one member from each congressional district.

It consolidates duplicative reporting required for the Indiana Economic Development Corporation (IEDC). It consolidates reporting requirements imposed on the IEDC for various programs administered by the IEDC into the state Economic Incentives and Compliance Report. The bill also repeals the chapter requiring the IEDC to study the steel industry and provide expertise to public officials regarding the steel industry. It repeals and otherwise eliminates reporting requirements imposed on the IEDC to consolidate those requirements at another location in the Indiana Code.

The bill repeals the Commission on the Social Status of Black Males and the Native American Indian Affairs Commission and re-enacts them in the article of the Indiana Code dealing with commissions. It transfers staffing responsibility for the Commission on the Social Status of Black Males from the Division of Family Resources, Family and Social Services, to the Civil Rights Commission. It also transfers staffing responsibility for the Native American Indian Affairs Commission, the Commission on Women, and the Commission on Hispanic/Latino Affairs from the Department of Workforce Development to the Civil Rights Commission. It makes conforming technical changes.

It repeals the law that establishes the Tobacco Farmers and Rural Community Impact Fund.

The bill repeals the law that allows a distressed political subdivision to appeal if the subdivision's property tax collections are reduced by at least 5% in a calendar year as a result of the application of certain tax credits.

It repeals the law that allows certain political subdivisions to borrow money for rural community water supply systems.

It repeals the Capital Investment Tax Credit.

It removes obsolete references to the Abandoned Railroad Corridors Board.

It repeals certain statutes creating the following boards of the Department of Environmental Management: (1) Air Pollution Control. (2) Water Pollution Control. (3) Financial Assurance. (4) Solid Waste Management Board (collectively, the repealed boards). It defines "board" to exclude the repealed boards. It also establishes the Environmental Rules Board (consolidated board). It requires the consolidated board to use rulemaking procedures to adopt rules. It transfers certain powers and duties of the repealed boards to the consolidated board.

It transfers to the board duties of the Department of Environmental Management to adopt certain rules related to: (1) treatment plant or water distribution systems certification programs; and (2) the Waste Tire Management Fund.

It broadens the requirements for the appointment of one member of the Board of Animal Health.

It repeals the following committees, commissions, and boards:

- (1) Office of Community and Rural Affairs Advisory Council.
- (2) Tobacco Farmers and Rural Community Impact Fund.
- (3) Indiana Arts Commission Trust Fund Board.
- (4) Council on Library Automation.
- (5) Library Advisory Council.
- (6) Law Enforcement, School Policing, and Youth Work Group.
- (7) Affordable Housing and Community Development Fund Advisory Committee.
- (8) Indiana Tourism Council.
- (9) Indiana Health Informatics Corporation.
- (10) Ohio River Bridges Project Commission.
- (11) Veterans' Home Advisory Committee.
- (12) Mental Health Corrections Quality Advisory Committee.
- (13) Distressed Unit Appeal Board.
- (14) Department of Local Government Finance Rule Adoption Committee.
- (15) Natural Resources Advisory Council.
- (16) Courthouse Preservation Advisory Commission.
- (17) Rural Community Water Supply Loan Program.
- (18) Water Shortage Task Force.
- (19) Water Resources Task Force.
- (20) Corporation for Educational Technology.
- (21) Educational Technology Council.

- (22) School Air Quality Panel.
 (23) Building and Trades Advisory Committee.

It makes conforming changes.

Effective Date: Upon passage; July

Explanation of State Expenditures: *Eliminations or Reductions of Boards, Committees, and Commissions:*
 The bill will provide minimal cost savings, primarily resulting from savings from per diem expense, and travel and other actual expenditure reimbursement. None of the entities repealed has a direct appropriation, but rather expenses, if any, are paid through the agency sponsor. The table below provides information on the entities to be repealed including the number of members, date of most recent meeting, and financial data.

Code Cite Entity Name Other Information	No. Of Members	Date of Most Recent Meeting	Appropriation Annual Expense ^(a) No. Mtgs/Year ^(a)
IC 4-4-9.7-8 Advisory Board to the Office of Rural Affairs Established in 2006.	17	12/2008	\$0
IC 4-23-2.5-1 Indiana Arts Commission Trust Fund Board Established in 2005.	7	9/1/2011	\$0 \$0 2
IC 4-23-7-30 Indiana Library and Historical Board on Library Automation Established in 1992.	13	NA	NA
IC 4-23-7.1-39 Indiana State Library Advisory Council Established in 1985.	No fewer than 15	7/2011	\$0 <\$200 Quarterly
IC 5-2-6.9 Law Enforcement, School Policing, and Youth Work Group Established in 2010. Entity is abolished on June 30, 2015, by function of law.	16	Unknown	\$0
IC 5-29-4 Indiana Tourism Council Established in 1997.	34	6/16/2011	\$0 \$0 Quarterly
IC 5-31 Indiana Health Informatics Corporation Established in 2007. The entity is abolished on June 30, 2015 by function of law.	9	9/9/2010	\$0
IC 5-20-4-1 Affordable Housing and Community Development Fund Established in 2006. No members appointed currently.	16	10/9/2007	\$0

Code Cite Entity Name Other Information	No. Of Members	Date of Most Recent Meeting	Appropriation Annual Expense ^(a) No. Mtgs/Year ^(a)
IC 6-1.1-20.3 Distressed Political Subdivisions Established in 2007. Appropriated \$20,600 in FY 2009 and FY 2010.	9	4/13/2011	\$0 <\$1,000 Not set
IC 6-1.1-31-13 DLGF Advisory Committee Established in 2001.	2	NA	NA
IC 8-16-17 Ohio River Bridges Project Commission Established in 2009.	5	NA	NA
IC 10-17-9-20 Indiana Veteran's Home Advisory Committee Established in 1980.	8	7/28/2011	\$0 \$200 annually + \$50/mtg.+\$400 to \$600 reimbursement Quarterly
IC 11-10-4-6.6 Mental Health Corrections Quality Advisory Committee Established in 2009.	7	NA	NA
IC 14-9-6 Natural Resources Advisory Council Established in 2006.	12	8/17/2011	\$0 \$1,100 Bimonthly
IC 14-21-4 Courthouse Preservation Advisory Commission Established in 2008. Provides expense reimbursement if funds are available.	12	10/2011	\$0 \$0 Quarterly
IC 14-25-14 Water Shortage Task Force Established in 2006.	10	7/29/2009	\$0
IC 14-25-16 Water Resources Task Force Established in 2010.	10	8/27/2010	\$0
IC 15-11-10 Tobacco Farmers and Rural Community Impact Fund Established in 2001. No members appointed currently; Board action required for ISDH director to spend remaining funds.	13	Unknown	\$0

Code Cite Entity Name Other Information	No. Of Members	Date of Most Recent Meeting	Appropriation Annual Expense^(a) No. Mtgs/Year^(a)
IC 16-41-37.5-3 Air Quality Panel Unknown start date.	12	5/6/2011	\$0 \$0 Semiannual
IC 20-20-14 Education Technology Council Unknown start date. The Council is a source of revenue for the David C. Ford Educational Technology Fund, which is eliminated under the bill. No members appointed currently.	16	2007	\$0
IC 20-20-15 Corporation for Educational Technology Unknown start date. No members appointed currently.	16	Unknown	\$0
IC 22-4.1-15 Building and Trades Advisory Committee Established in 1992. No members appointed currently.	7	2007	\$0
^(a) Information provide for entities meeting in 2011 only. Source: <i>Boards & Committees Questionnaire</i> , sent to all agency heads, legislative liaisons and statewide officeholders by the Select Committee on Government Reduction, August 11, 2011.			

(Revised) In addition to the elimination of certain entities, the bill reduces the number of members of the Natural Resources Commission from 12 to 11 by removing the chairperson of the Natural Resources Advisory Council, which is repealed under the bill. The bill also reduces the number of members on the Indiana War Memorials Commission from 10 to 9. It changes the qualifications of one of the members of the Board of Animal Health from a member who is affiliated with a licensed livestock market to one who holds a license or who is affiliated with an organization that holds a license issued under the Animal Health and Animal Products Article of the Indiana Code; has a grant of inspection issued to a meat processing establishment; or a permit issued to a milk plant. These changes are expected to have very minimal fiscal impact.

Civil Rights Commission: The Civil Rights Commission, under the bill, will provide staff and administrative support, and will pay the expenses of the Native American Indian Affairs Commission, the Commission on the Social Status of Black Males, the Commission for Women, and the Commission on Hispanic/Latino Affairs. Appropriations for FY 2013 will transfer to the Civil Rights Commission from the agencies currently housing these commissions.

Currently, the Native American Indian Affairs Commission is established under the article of the Indiana Code concerning the Lieutenant Governor, and the Department of Workforce Development provides its budget and staffing. The Commission on the Social Status of Black Males is in the article concerning the Division of Family Resources. Under the bill, these commissions would be repealed and reestablished with the Civil Rights Commission providing staff and expenses for the Commissions. No other changes are made to the commissions.

Public Officers Compensation Advisory Commission: The Public Officers Compensation Advisory Commission was established in 2007 and repealed in 2011. During that time the Commission did not meet. Under the bill, the Commission is composed of nine members, who may receive salary per diem and reimbursement of traveling and other actual expenses. However, the Commission operates under the rules of the Legislative Council, which in the past has established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members.

[Legislative Services Agency (LSA) provides staff for the Commission, and LSA may contract with consultants on behalf of the Commission. The Commission is to meet at least one time before July 1 of each even-numbered year and make a written recommendation to the Legislative Council and the Budget Committee concerning suitable elements of compensation for public officers. No recommendations of the Commission take effect without enactment by the General Assembly.]

Indoor Air Quality Price Preference Program: The bill will have indeterminate impact on the cost of indoor air quality inspections and evaluations of a governmental body, state educational institution, instrumentality of the state operating on a statewide basis, and the State Lottery Commission, potentially decreasing costs. Price preferences are awarded during the evaluation of bids and are a factor in determining who will be awarded contracts. The actual bid price does not change. As a result, a bidder with a bid higher than the lowest price may be accepted. The 10% price preference for indoor air quality inspections and evaluations would be eliminated under the bill.

(Revised) Indiana Economic Development Corporation (IEDC): The bill could minimally reduce reporting costs for the IEDC by reducing the number of individual reports the IEDC is required to provide and by removing requirements for industry studies and public hearings. The bill requires that the Economic Incentives and Compliance report include the Small Business Development Program, the Small Business Development Fund, the Small Business Incubator Program, and efforts to promote business modernization and adoption of technology. The following table shows the reports that are eliminated by the bill.

Code Site	Report Requirements
IC 5-28-12 Steel Industry	Requires study and report to the Legislative Council with a summary letter to the General Assembly by December 1 of each year. Also, requires IEDC to advise state and local government officials on the steel industry. Funding for studies is to come from the industry.
IC 5-28-17-1 Small Business Report	Requires annual report by November 1 of each year and an annual public hearing on the report.
IC 5-28-18-8 Small Business Fund Report	Requires annual report by November 1 of each year.
IC 5-28-21-21 Incubator Report	Requires annual report by July 2 of each year.
IC 5-28-23-1 Business Modernization and Technology Report	Requires annual report by November 1 of each year and an annual public hearing on the report.

Consolidation of Boards into the Environmental Rules Board: Consolidation of four separate boards into the Environmental Rules Board could result in a reduction in expenses for IDEM. The extent of the savings will depend upon the number of meetings held and the amount of expenses (per diem and travel reimbursement) claimed by the members of the new board.

The Environmental Rules Board will be composed of 17 members. The ex officio members will be the Commissioner of IDEM, the Commissioner of the State Department of Health, the Director of the Department of Natural Resources, the Lieutenant Governor, and the Secretary of Commerce. Twelve members will be appointed by the Governor representing various sectors. The members of the board (excluding the ex officio members) are entitled to salary per diem and reimbursement for traveling expenses. The bill transfers all powers, duties, and liabilities from the abolished boards to the new Environmental Rules Board.

The following Boards are eliminated under the bill.

The Air Pollution Control Board has 12 members: 4 ex officio members and 8 members representing various constituencies appointed by the Governor. Statute requires the board to meet six times. During FY 2011, the board had expenses of about \$5,000 paid from the Air EPA Federal Grant Fund.

The Water Pollution Control Board has 12 members: 4 ex officio members and 8 members representing various constituencies appointed by the Governor. The board usually holds six meetings a year. During FY 2011, the board had expenses of about \$2,000 paid from the Water EPA Federal Grant Fund.

The Underground Storage Tank Financial Assurance Board was established to adopt rules to regulate payment of claims from the Excess Liability Trust Fund. There are 16 board members, and the board usually meets twice a year. During FY 2011, the board had expenses of about \$2,000 paid from the Excess Liability Trust Fund.

The Solid Waste Management Board consists of 14 members: 10 members appointed by the Governor to represent specific constituencies and 4 ex officio members representing other state agencies involved in environmental issues. Statute requires the board to meet six times per year. During FY 2011, the board had expenses of about \$1,400 paid from the Solid Waste Management Fund.

Rural Community Water Supply Systems: The bill would eliminate the Rural Water Supply Revolving Fund, which provides loans of not more than \$150,000 to cities, towns, conservancy districts, and special assessment districts to establish or modernize rural water supply systems. The population of the borrowing entity may not exceed 1,250 and it must have authority to own, construct, enlarge, maintain, and operate a water system. The entity must be unable to borrow funds from the commercial market. The interest rate on the loan, which must be repaid within 20 years, is 1.5% for the first 8 years and 5.0% thereafter. The entity must adopt a resolution or ordinance authorizing the borrowing and complete an application available from the Department of Natural Resources (DNR). The application is reviewed by the Department of Environmental Management, the DNR, the Indiana Utility Regulatory Commission, and approved by the State Board of Finance. There are no loans outstanding.

Tobacco Farmers and Rural Community Impact Fund: The bill will eliminate the Tobacco Farmers and Rural Community Impact Fund. The fund was established to provide agricultural grant and loan programs to assist tobacco quota owners and tobacco growers transition to other agricultural enterprises. Money in the fund comes from the Indiana Tobacco Master Settlement Agreement Fund, and the director may not approve

expenditures from the fund unless the expenditure has been recommended by the Tobacco Farmers and Rural Community Impact Fund Advisory Board. No members are currently appointed to the Advisory Board. The fund had a balance of \$295,714 on June 30, 2011.

Explanation of State Revenues: *Capital Investment Tax Credit:* The bill repeals the capital investment tax credit. The credit is equal to 14% of the value of qualified investment in a business project having an estimated total cost of at least \$75 M and which is also located in Shelby County. For purposes of claiming the tax credit, the total tax credit value must be divided equally over seven years. The credit is nonrefundable, but unused credits may be carried forward for up to three years. Unused credits may not be carried back. This tax credit may be applied against the individual or corporate adjusted gross income tax, the financial institutions tax, or the insurance premiums tax. Although a number of tax returns have claimed the credit, only one taxpayer has qualified for the credit, and their ability to carry forward the credit is ending.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Rural Community Water Supply Systems:* The bill will eliminate this funding source for certain counties, cities, towns, and conservancy districts. See *Explanation of State Expenditures* for more details.

State Agencies Affected: Multiple agencies. (See explanation above.)

Local Agencies Affected: Counties, Cities, Towns, and Conservancy Districts.

Information Sources: *Individual and Corporate Income Tax Deductions, Exemptions, & Credits Usage*, LSA, November 10, 2010; *Application Information for Flood Control Revolving Fund Loan Rural Water Supply Program - IC 14-25-11* available at www.in.gov/dnr; *Boards & Committees Questionnaire*, sent to all agency heads, legislative liaisons and statewide officeholders by the Select Committee on Government Reduction, August 11, 2011; <http://www.in.gov/iscba/>; <http://www.in.gov/idem/4693.htm>; <http://www.in.gov/sboa/3232.htm>.

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